

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

Child and Family Services Division

EXHIBIT 2

DATE 1-26-07

HR, Child Services

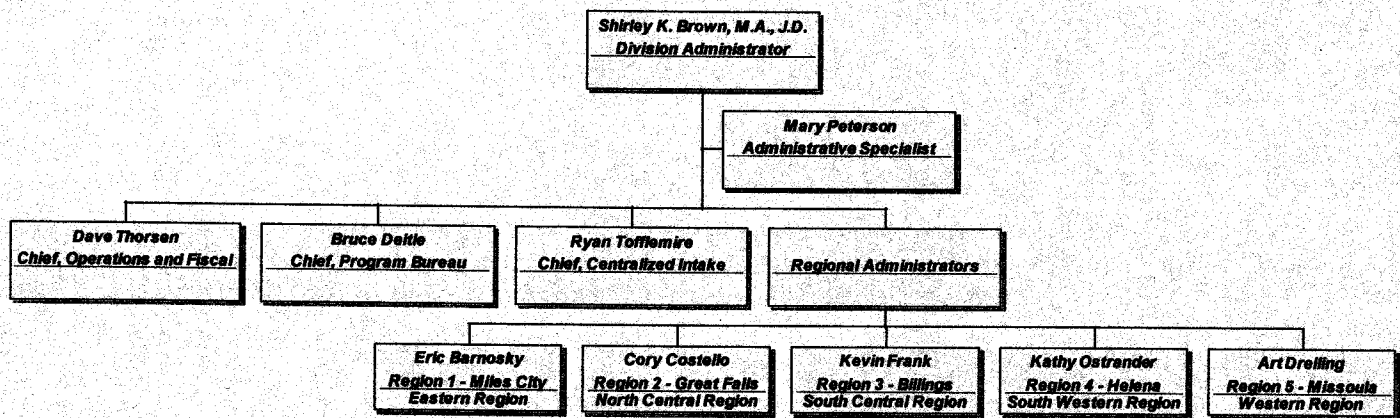
DEPARTMENT DIVISION PROGRAM CONTACTS

The department, division, program director and chief financial officer for the department, division, program and their contact information are:

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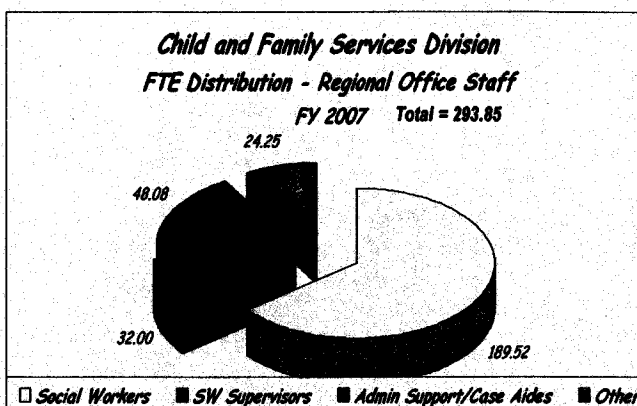
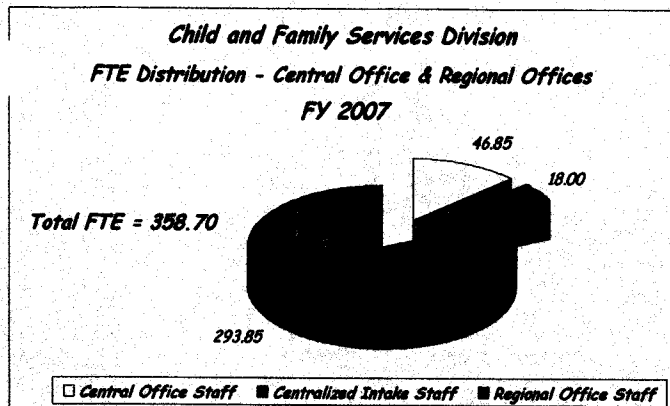
WHAT THE DIVISION DOES

The Child and Family Services Division administers programs to protect children and youth from abuse, neglect and abandonment. The division works with communities and providers to support the strengths of families to increase their ability to nurture and provide for their children. The division provides child protective services (including investigatory services, emergency protective services, voluntary protective services, court-ordered protective services and permanency services) to children and families; licenses family foster homes, child placing agencies and adoption agencies; and provides adoption services to children in the custody of the State of Montana. The division has three bureaus and five field regions.



The following chart depicts the staff turnover rates for the Child and Family Services Division

	FY 2003	FY 2004	FY 2005	FY 2006
Social Workers Terminating	33	44	19	35
Total Number of SWs	203.82	203.82	203.82	203.82
Percent of SWs terminating	16.19%	21.59%	9.32%	17.17%
All Others Terminating	8	12	15	12
Total All Other Employees	126.93	134.13	136.63	136.63
Percent of Other Employees Terminating	6.30%	8.95%	10.98%	8.78%
Total Terminations	41	56	34	47
Total Employees	330.75	337.95	340.45	340.45
Percent of All Employees Terminating	12.40%	16.57%	9.99%	13.81%



Statutory Authority for the Child and Family Services Division

Statutory authority for the division is provided in Titles 41, 42, and 52, MCA, and 45 CFR, Parts 1355, 1356, 1357 and 1370.

HOW SERVICES ARE PROVIDED

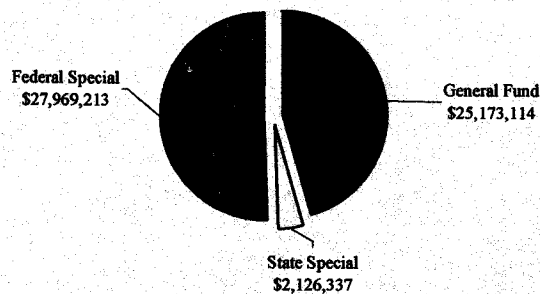
The Division is organized into three bureaus and five regional offices with the following functions:

- The Operations and Fiscal Bureau is responsible for the management and coordination of financial activities, information systems liaison, legislative budget preparation, evaluation and benchmark analysis, and coordination of supplies, leases and equipment. This bureau is also responsible for securing and managing Social Security benefits for children in foster care. In addition, this bureau is responsible for initial and on-going Title IV-E eligibility determinations.
- The Program Bureau is responsible for employee training, administration of interstate compacts for foster care and adoption, licensing adoption agencies, administering grants for programs involving domestic violence, child abuse and neglect, access and visitation, Children's Trust Fund and the Children's Justice Act. The bureau is also responsible for coordinating state and federal relations including the development of federally required state plans, contract monitoring, and program compliance. The bureau drafts administrative rules and policy and provides technical assistance and support to field staff in the areas of in-home services, family support and preservation, child protective services, foster care, guardianship, adoption and permanency, independent living and Indian child welfare.
- The Centralized Intake Bureau is responsible for the operation of the statewide centralized intake system. This bureau receives all reports of suspected child abuse, neglect, or abandonment statewide from both mandatory and discretionary reporters seven days a week, 24 hours a day.
- The Five Regional Offices are located in Helena, Miles City, Billings, Great Falls and Missoula and investigate reports of child abuse and neglect, work to prevent domestic violence, help families to stay together or reunite, and find placements in foster or adoptive homes. The regional offices also provide all the licensing for foster and adoptive homes across Montana.

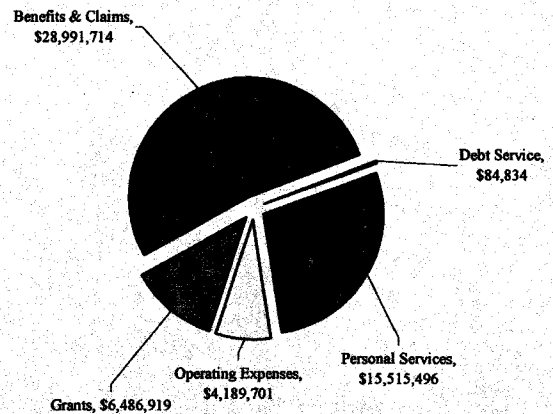
Spending and Funding Information

The following figures show funding and expenditure information for FY 2006 for all sources of funding of the Child and Family Services Division.

FY 2006 Funding



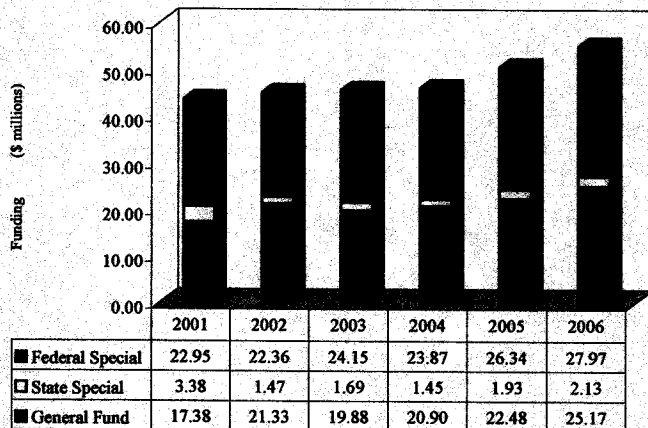
FY 2006 First Level Expenditures



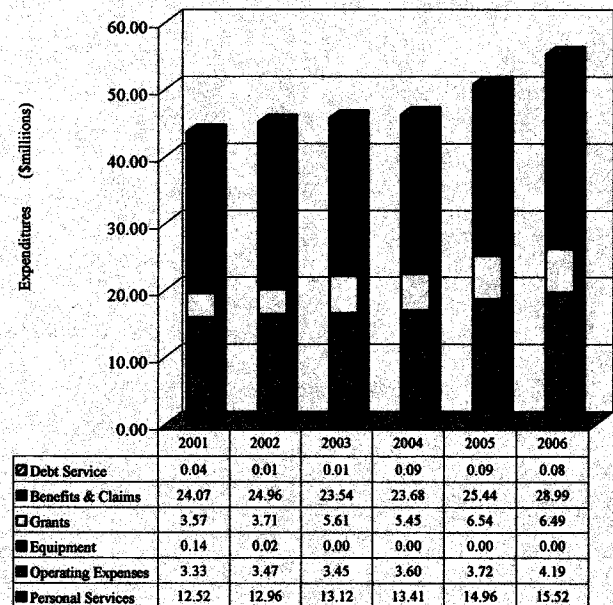
The above information does not include administrative appropriations. The division had \$34,048 in administrative appropriations in fiscal year 2006. The administrative appropriations were received from the Department of Justice. They were used to fund a Drug Court Social Worker in Billings, MT.

The following figures show funding and expenditures from FY 2001 through FY 2006, for HB 2 funding.

Historical Funding



Historical Expenditures



2007 BIENNIUM NEW PROGRAM IMPLEMENTATION AND PROGRAM EXPANSION

Program Expansion

The Division implemented or expanded several programs with federal funding in the 2007 biennium.

- The Education and Training Voucher Program was newly authorized by the Chafee Foster Care Independence Program and was implemented on 07/2005. This grant targets resources to meet the specific education and training requirements of youth aging out of Foster Care.
- The Social Services Stipend Program was expanded to include Crow Tribe. Prior to last biennium the stipends were available at the University of Montana and Salish Kootenai College. Stipends are provided in exchange for a commitment to work for a child welfare agency upon graduation.

The Division expanded the following program with increased federal and general funds in the 2007 biennium:

- Both Family Foster Care and Foster Group Homes had a 4% rate increase that went into effect 7/2006.

The following programs were expanded with increased general funds in the 2007 biennium:

- Big Brothers and Big Sisters was expanded in 7/2005. Big Brothers and Big Sisters is a statewide organization that matches children with an adult volunteer big brother or big sister and provides services to about 350 children each month.
- Foster Care Clothing allowances were expanded on 07/2005. The legislature provided general fund for the biennium to restore previous cuts made to clothing allowances for foster children.
- The 2005 legislature also provided general fund to support increases in the foster care and subsidized adoption caseload.

FTE

The legislature did not approve appropriations for additional FTE in the 2007 Biennium, however 11.0 FTE were transferred to the Child and Family Services Division from the Disability Services Division (DSD) in the latter part of FY 2006. All of these FTE were reclassified as social workers and were allocated to the regional offices where they were required to 1) help reunify children in foster care with their families and 2) prevent placements into foster care by providing in-home family preservation services.

CORRECTIVE ACTION PLANS

The federal Administration for Children and Families (ACF) conducted its first Child and Family Services Review (CFSR) during the summer of 2002. The outcomes of the CFSR pointed to some generalized and specific areas that required improvement. The division was required to develop and implement a Program Improvement Plan (PIP), as did every other state in the nation. The goals of the PIP, which was approved in January, 2004, were to meet the CFSR's recommendations which were defined by four themes

- 1) Strengthening the use of Family Group Decision Making (FGDM) meetings and permanency planning meetings.
 - Every family who has an open case is now offered an opportunity to participate in case planning through the FGDM process.
 - Current policy now requires that either a FGDM or permanency planning meeting should be held within the first 90 days of opening a case.
- 2) A process to assess safety at initial assessment, foster care placement, reunification and case closure.
 - The Investigative Safety Assessment Protocol was developed, finalized, approved and implemented in March 2004.
 - The Safety Assessment Protocol for the 'life of the case' was developed, finalized, approved and implemented by September of 2004.

- Implementation and institutionalization of these protocols has resulted in a reduction of risk to the child[ren] in out-of-home and in-home cases. This has been reflected through both administrative reports and case review results.
- 3) A case recording system that assists social workers and supervisors in developing and documenting strategic decisions while assuring that appropriate parties are involved in the decision making process.
- A new case recording system and new case planning document format was developed and implemented. This is to ensure that the parent and child are provided the opportunity to engage and participate in the development of their case plan.
 - Specific policy was developed for identifying the appropriate permanency goals within the preferred hierarchy of Adoption and Safe Family Act permanency options. Permanency plan meeting outcomes are now documented in a standard format in every case file.
- 4) A systematic six month review of a minimum of 45 foster care cases and 30 in-home cases with a standardized review tool to assess progress in achieving the identified goals. The six month reviews have become a major component of the Division's on-going quality assurance system.
- Over the two year program improvement plan timeline, a total of 270 randomly selected cases were reviewed utilizing the ACF approved CFSD standardized Peer Case Review Tool. The case review results have shown areas of improvement in PIP social worker case practice and case record documentation. In addition CFSD has successfully completed all CFSR program improvement goals and objectives.

The Child and Family Services Division successfully passed the program improvement plan in January of 2006.

The Legislative Audit Division conducted a Caseload Management audit and issued a final report in September of 2004. The recommendation to the Child and Family Services Division was that the division improve caseload/workload management by developing and implementing management strategies that include:

- Developing caseload/workload management policies and procedures
- Establishing more useful management reports using existing software
- Defining criteria for closing cases
- Performing on-going management assessment of program activities

The Division has developed a workload analysis tool to improve data collection and management reports regarding staff caseloads and workloads. CFSD continues to improve baseline data regarding caseloads and developing more detailed management reports.

The Legislative Audit Division conducted a Foster Care Performance Audit and the final report was issued in December of 2004.

Recommendations were as follows:

- Making program information more available to persons interested in becoming foster parents.
- Implementing a coordinated statewide recruitment effort.
- Increasing availability of training for prospective foster parents.
- Improving the foster parent training evaluation process.
- Developing a structured process for modifying the foster parent training curriculum.
- Implementing a comprehensive plan for improving foster parent retention.

The division has budgeted money specifically to address foster parent recruitment and retention and is now providing incentives for the recruitment of resource families.

The Legislative Audit Division conducted a Financial and Compliance Audit in July of 2005. The following recommendations and actions ensued:

- Recommend the department continue to improve procedures to ensure permanency hearings occur as required by federal regulations.
 - CFSD concurred and has agreed to provide ongoing training on the importance of annual permanency hearings.
- Recommend the department establish procedures to review foster care case files as required by federal regulations.
 - CFSD has put procedures in place to ensure that foster care case files are reviewed as required.

- Recommend that the department establish controls to ensure the federal share of foster care benefits is recorded at the correct rate on the foster care subsystem and on the state's accounting system.
 - CFSD had put in place new procedures to ensure review of the federal share rate worksheet.
 - Recommend that the department comply with state administrative rule requiring eligibility review for foster care cases every six months.
 - CFSD has put procedures in place to ensure that the department complies with the state administrative rules until such time that the rules can be amended to be no less restrictive than the federal rules.
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The Legislative Audit Division conducted a performance audit on Improving In-Home Services Contract Monitoring in May of 2006. The outcome of this audit included three major recommendations:

- Recommend that Child and Family Services Division expand In-Home services contractor monitoring effort to analyze additional outcome and explanatory performance measures.
 - CFSD has begun on-site monitoring with a goal that all 16 sites will be visited by October of 2007.
 - The monitoring of In-Home services programs is more comprehensive. An FTE has been hired that is devoted to evaluation/monitoring of these contracts.
 - Recommend that Child and Family Services Division ensure that In-Home services contracts: (A) Define minimum specifications and expectations (B) Specify measurable criteria for contract payments.
 - Three new interview tools have been developed to capture information from: social workers, home visitors and their supervisors. A tool will be developed to collect information from clients.
 - In-home services contracts are now on a fee-for-service billing method as of July 1, 2006.
 - Recommend that Child and Family Services Division continue to update the In-Home Services management information system by strengthening: (A) System edits to address data accuracy and uniformity, (B) Data analysis and reporting.
 - CFSD issued new templates with edit checks and drop down boxes that are protected so that specified ranges cannot be changed.
 - An Access data entry form is being created that will allow contractors to type into a form rather than a spreadsheet. This will increase accuracy of data entry and reduce contractor time spent on reporting.
 - Child and Family Services Division has investigated software options for data analysis and reporting and is considering building analysis software into future In-Home Services Contracts.
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The federal Administration for Children and Families (ACF) conducted a secondary Federal Review of the Title IV-E Foster Care Program in July, 2006. The division was found to be in "substantial compliance" with federal laws, rules and regulations and thus no corrective action plan was needed. ACF audited 150 cases wherein a Title IV-E payment had been made and only one case was questioned. This secondary review was conducted because of the findings of the primary review that was completed in June, 2003. At that time, the state was determined not to be in substantial compliance with the Title IV-E eligibility requirements for the period under review. The division had 29 error cases out of 80 that were audited. As required, Montana submitted a Corrective Action Plan (CAP) to correct the areas found deficient in its eligibility program for foster care. ACF approved the CAP based on the state's reports of progress and final implementation of the planned improvements. These improvements included the establishment of a special unit dedicated to determining Title IV-E eligibility and implementation of an internal quality assurance process, extensive work with the court system, and work with the Tribes. Montana successfully completed the CAP in 2005.

The following are the strengths and areas in need of improvement that came out of the July, 2006 Federal IV-E Eligibility Review:

Strengths

- The review process was very well organized.
- Review staff were knowledgeable regarding requirements.
- Extensive staff and judicial training has been completed.
- The state's Regional Administrators have worked with their judicial components.

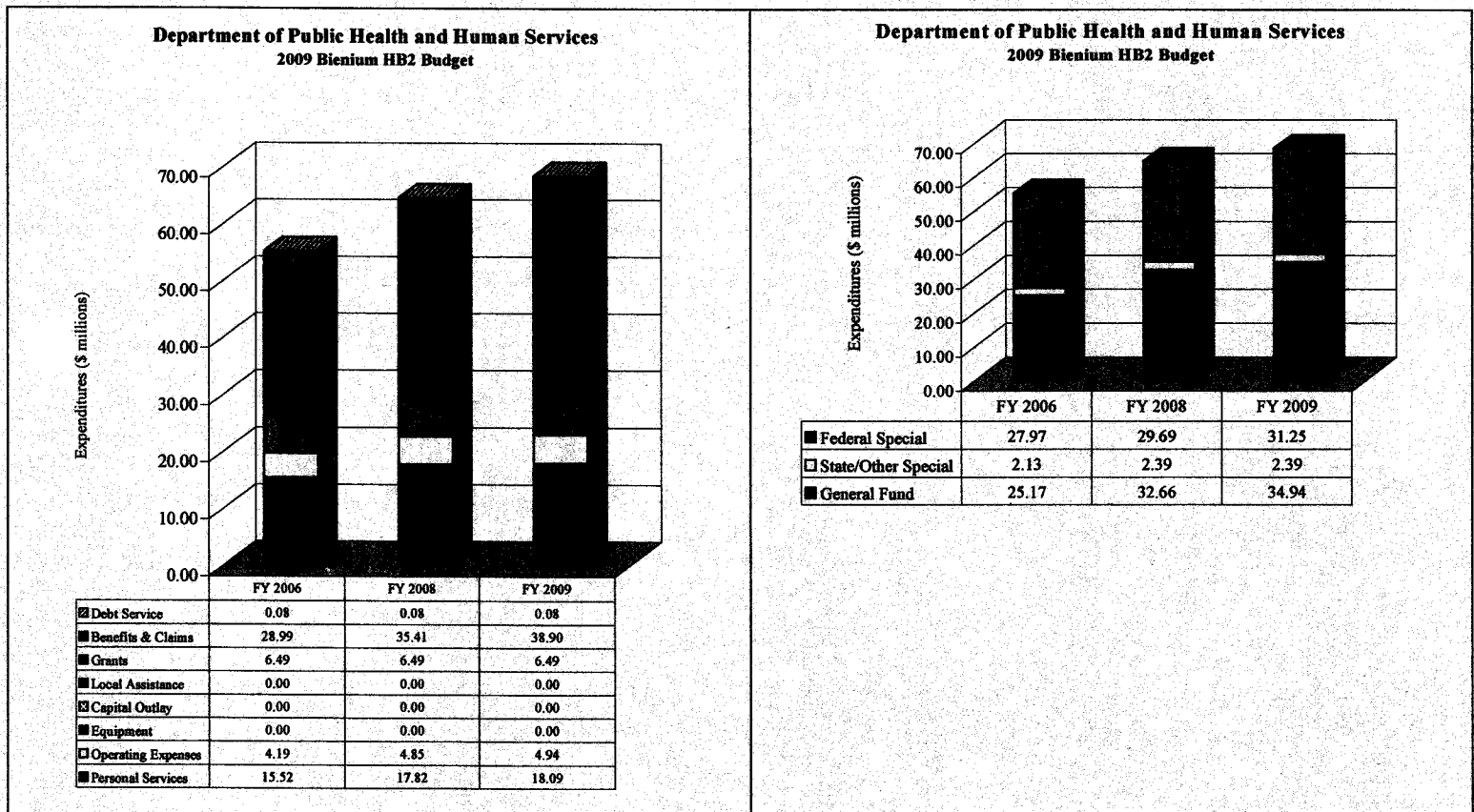
- The division has implemented a separate IV-E eligibility determination unit and quality assurance system.
- The division's IV-E eligibility unit has established separate eligibility files.
- The state is committed to continue agreements with Tribes for funding IV-E eligible Tribal cases.

Areas in Need of Improvement

- Licensing — File documentation and checklists/flagging could improve licensing and monitoring procedures (improvements in data system are planned.)
- Improvements in the data system will improve timely and accurate IV-E claiming.
- Other issues — there appears to continue to be an over-use of long-term foster care; there appears to be a need for ICPC training.

2009 BIENNIUM BUDGET

The following figures show the proposed HB 2 budget for the 2009 biennium.



Goals and Measurable Objectives

The following figure shows the department base year and budgeted biennium goals and performance measures that are associated with the proposed 2009 biennium HB 2 budget. Many of the division's goals and objectives are the same as the federal government. The federal government began an intense review of state child welfare systems in 2002 and has developed stringent criteria that states are expected to meet. The overarching theme of these reviews is "Safety, Permanency, and Well-Being". Federal law contains provisions for financial penalties for states that do not pass the Child and Family Services Review (CFSR).

Department of Public Health and Human Services
Child and Family Services Division

Measurable Objectives for the 2009 Biennium

Goal	Measurable Objective	Outcome Measure
Assess the needs of children and their parents to ensure the safety of children. This is also required by the federal Child and Family Services Review.	Case records will document a "needs assessment" in the referral to in-home services as noted in quality assurance case reviews.	Improve the assessment of the needs of children and parents for in-home service cases by 3% of the 2005 baseline of 60% by the end of FY 2009.
Convert modified SSI FTEs to permanent FTEs. (DP 30014 Page B-56 of LFD book)	Legislative approval of the two modified FTEs.	SSI and SSB revenues will increase by more than \$200,000 in FY 2008 and FY 2009.
Convert In-Home Services modified FTE to permanent FTE. (DP 30015 Page B-57 of LFD book)	Legislative approval of the two modified FTEs.	These FTEs will create savings of more than \$50,000 GF per year by 1) preventing children from entering foster care by providing in-home services in the Great Falls area and 2) providing in-home services to more quickly reunite children with their families. Case records will document the cost avoidance but will still ensure the safety of children.
Conduct quality assurance reviews on in-home cases, using a standardized review tool, to identify service strengths and areas needing improvement to assure the outcomes of safety, permanency, and well being for children.	Review 20 in-home service cases every six months. These reviews will also focus on methods to strengthen accountability of contractor's funded with the Promoting Safe and Stable Families grant.	As data is collected, analysis will be conducted and, where appropriate, changes will occur in the service delivery and/or service delivery providers or geographic areas that are offered services. The division will identify and make positive changes to at least 5 services in FY 2008 and 5 services in FY 2009.
Reduce the number of cases per social worker and improve outcomes for children. (DP 30010 Page B-55 of LFD book)	Obtain 20 new FTEs requested in the Governor's budget.	The average caseload per social worker will be reduced from 21 cases to 16 cases by the end of FY 2009. Additional FTE will also result in better outcomes for children as measured by monthly case reviews and the federal Child and Family Services Review. Outcomes will improve because social workers will be able to spend more direct time with each child in foster care and they will have more time to provide documentation of their actions in the case records.
Reduce vacancies and overtime compensation by adding additional staff and by providing new incentives for employees in hard-to-fill locations and positions. (DP 30010 Page B-55 of LFD book)	The vacancy rate will be reduced and the amount of overtime compensation will be reduced.	Reduce the FY 2006 vacancy rate of 5.8% to 4% in FY 2008 and FY 2009 and reduce the overtime compensation by 25% in FY 2008 and FY 2009. Incentives will be developed and implemented in FY 2008 to attract new employees in hard to fill locations.
Children will receive adequate services to meet their physical and mental health needs. Medicaid Goal # 1. (DP 30005 Page B-53 of LFD book)	The case records will document the division's concerted efforts to assess and provide all physical (including dental) and mental health care needs.	The most recent case review of 75 files indicates that 50% of the cases contain adequate documentation to determine that children are being assessed and provided adequate physical and mental health care. The division will increase the baseline from 50% to 75% by the end of FY 2009.
All client information, including medical records protected by HIPAA, will be kept confidential. Medicaid Goal # 10.	All confidential records (paper and electronic) will be secured. Policy provides that violation of confidentiality will result in disciplinary action, up to and including termination of employment, in addition to any criminal penalties which may be imposed by statute.	Newly hired staff are provided information on confidentiality during orientation and training for newly hired staff. Staff receive training on confidentiality during the annual policy training. Each allegation of breach of confidentiality will be thoroughly investigated and appropriate action will be taken against the employee who breached the confidentiality.

Note: Goals and objectives relating to Foster Care and Subsidized Adoption are addressed in those templates.

BUDGET AND POLICY ISSUES

The following budget or policy issues are included in the division budget submission to the Governor's Office.

- Increase of general funds and federal funds for mental health case management services. (DP 30005 LFD book, page B-53)
- Increase of general funds and federal funds for overtime compensation. (DP 30006 LFD book, page B-53)
- Increase of general funds and federal funds for rent increases. (DP 30007 LFD book, page B-54)
- Increase of general funds and federal funds for the replacement of computers. (DP 30016 LFD book, page B-54)

- Increase of general funds and a decrease in federal funds as a result of changes made to Targeted Case Management programs via the Deficit Reduction Act of 2005. (DP 30003 LFD book, page B-55)
- Increase of general funds and a decrease in federal administrative funds due to a change implemented by the Deficit Reduction Act of 2005 that limits the length of time unlicensed providers can be claimed for Title IV-E administrative purposes. (DP 30008 LFD book, page B-55)
- Increase of general funds and federal funds for 15 FTE in the first year of the biennium and 5 additional FTE in the second year of the biennium. (DP 30010 LFD book, page B-55)
- Decrease of general funds and an increase of state special and federal funds for the expansion of the SSI Program. (DP 30014 LFD book, page B-56)
- Decrease of general funds and an increase of federal funds for converting modified In-Home Services FTEs to permanent FTEs. (DP 30015 LFD book, page B-57)

Note: Budget issues pertaining to foster care and subsidized adoption are addressed in those templates.

SIGNIFICANT ISSUES EXPANDED

Mental Health Case Management

The Deficit Reduction Act of 2005 is expected to reduce the allowable case management services eligible for reimbursement for children in Foster Care. If approved, the division will contract for mental health case management services. (DP 30005 LFD book, page B-53)

Overtime Compensation

The division incurs overtime costs for several reasons. The Centralized Intake program operates 24 hours a day, 7 days a week and staff turnover, particularly for the night and weekend shifts, results in overtime when other staff have to cover those shifts. Overtime for field staff is partly attributable to "call outs" on nights and weekends and partly attributable to insufficient staff to cover the workloads. The latter issue may be mitigated to some extent if the additional FTE being requested are approved. (DP 30006 LFD book, page B-53)

Rent Increase

The division rents office space in 40 counties in Montana and is requesting additional funding for this item. Most of the rental agreements negotiated by the Department of Administration contain provisions for annual rate increases. In addition, a few of the larger offices have had to add space to address safety issues and family visitations. (DP 30007 LFD book, page B-54)

Replacement Computers

The division is requesting funding to replace 320 desktop computers as well as three file servers and two copy machines. Almost all of the division's computers are at least 3 and ½ years old and will be more than 4 years old before they can be replaced. The average life span of a computer is 3 years. Most of the monitors used by CFSD staff are more than 6 years old. (DP 30016 LFD book, page B-54)

Targeted Case Management

The Deficit Reduction Act of 2005 redefined Medicaid Targeted Case Management (TCM) programs, however no further policy or guidance has been issued by the Centers for Medicare and Medicaid Services (CMS). There is a high likelihood that the division's TCM program may not be allowable under the new TCM definition. Child and Family Services billed about \$2.57 million to Medicaid and received about \$1.8 million in federal Medicaid revenue in FY 2006. (DP 30003 LFD book, page B-55)

Unlicensed Kin Care Providers

The Deficit Reduction Act of 2005 will limit administrative claiming for unlicensed kinship providers to the average time it takes for the state to license or approve a home as a foster home, but no longer than 12 months. This provision is retroactive to October 1, 2005. The division is awaiting clarification from the Administration on Children and Families

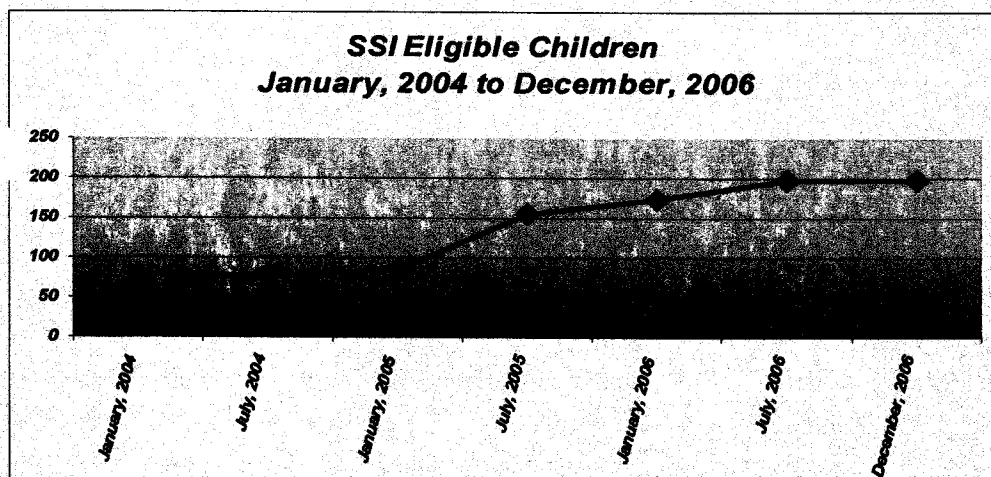
with regard to how this provision should be implemented but is working to implement the changes. These changes will require changes to the Child and Adult Protective Services (CAPS) computer system. (DP 30008 LFD book, page B-55)

Additional Field Staff

The Child and Family Services Division is requesting 15.00 FTE in the first year of the biennium and an additional 5.00 FTE in the second year of the biennium. The Child and Family Services has been conducting a workload analysis in which preliminary data indicate that the division would need a substantial increase of FTE to meet federal and state guidelines. Caseloads for foster care have increased 21% from November of 2002 to October of 2005. The caseloads have also become more complicated and difficult to manage due to the number of children entering care due to methamphetamine abuse. Methamphetamine abuse is currently a factor in 38% of out of home care cases and is a factor in 40 – 50% of all new cases, indicating that the number is increasing. The children placed in foster care because of drugs have characteristics associated with longer stays and greater service needs. The goal of increasing field staff is to address critical caseload issues. This will help the department to meet federal and state regulations. (DP 30010 LFD book, page B-55)

Expansion of SSI Program

The division added two modified FTEs in April, 2006 to address workloads. Prior to April, 2006 the division only had two SSI Specialists. The new SSI Specialists will generate more than \$200,000 per year with revenue generated by Supplemental Security Income payments and Social Security Benefits. The SSI Specialists obtain the funding for children in foster care who are physically or mentally impaired and the funds are then used to help offset the cost of foster care. (DP 30014 LFD book, page B-56)



Convert Modified FTEs

The division hired two modified FTEs in the Great Falls area to do In-Home Services work because CFSD could not find a qualified contactor. These modified FTEs are dedicated to reuniting families more quickly and to preventing removals of children when In-Home Services can be used to keep the children safe. (DP 30015 LFD book, page B-57)

Personal Services Questions:

1. Has the agency implemented a broad band pay plan, agency-wide or for selected jobs? If so, when was it implemented and what were the estimated cost increases in the year of implementation? How were these costs funded (by holding vacant positions open, appropriations for other purposes that were unexpended, ect.)?

Answer: CFSD moved all social workers and social worker supervisors (200.65 FTE) to pay plan 20 on April 4, 2004. In order to settle an on-going classification appeal with regard to social worker compensation, CFSD agreed to move all social workers to pay plan 20. Social worker supervisors were also moved to pay plan 20 at the same time. Social workers received about \$1.30 more per hour and supervisors received about \$2.00 more per

hour. The estimated annualized cost was \$594,000. These costs were funded with vacancy savings. All non-union staff in the central office (34.5 FTE) were moved to pay plan 20 in FY 2006. Pay increases were not given to central office staff, with the exception of one or two employees whose new classification would have put them below the entry level wages for their positions in pay plan 20. The estimated annual cost was about \$4,000 and was paid for with vacancy savings.

HB 447 Reconciliation: The LFD calculation for CFSD indicates a negative amount of \$713,474 which would imply that the CFSD had massive pay increases. This is not the case. Approximately \$500,000 of this amount can be attributed to 11.0 FTE that were transferred from the Disability Services Division to CFSD. In addition, when the 2004 snapshot was taken the division had numerous positions vacant that were subsequently filled at rates above entry level. We believe these two issues account for the vast majority of the \$713,474.

2. At what percentage of market are new employees paid? How do employees progress to the market rate for their position? What is the agency's target percent of market? What is the agency average percent of market in FY 2006?

Answer: New employees for the most part are hired at "entry level" which is 80 percent of market. If the division cannot recruit any staff at entry level wages then the position may be advertised with a pay range up to the market level. Employees can progress towards market with longevity increases however there is no specific plan to have all employees progress towards market. CFSD does not have a target for percent of market. CFSD was not able to calculate the division's average percent of market however we believe it is in the 90% range.

3. Did the agency have vacant positions for a significant portion (6 months or more) of FY 2006? If yes, how many and why were these vacant. How did the vacancies impact agency operations?

Answer: Yes, CFSD had six (6) positions that were vacant for more than 6 months in FY 2006. CFSD aggressively recruited for 5 of the 6 positions and had to readvertise them numerous times. Three of the 6 positions were in eastern Montana where it is very difficult to recruit and retain qualified workers. Also, CFSD was required to keep a minimum of eight positions vacant in order to achieve the vacancy savings requirement. Not being able to fill all positions results in existing staff having to absorb greater workloads and also results in some tasks not being done at all.

4. Did the agency have authorized pay exceptions for pay plan 60 positions? If yes, why?

Answer: Yes. Four (4) pay exceptions were authorized to mitigate difficult recruitment problems.

5. Did the agency have authorized position upgrades or down grades for pay plan 60 positions? If yes, why?

Answer: Yes. Six (6) pay exceptions were authorized to retain employees with unique knowledge, skills and abilities which were deemed essential to the operations of vital agency services.

6. What challenges does the agency face in recruiting and retaining staff? What actions has the agency taken to address recruitment and retention issues? Is the agency competing with other state agencies or the public sector for staff?

Answer: Recruiting and retaining social workers is one of the biggest challenges for CFSD, especially in the more rural parts of Montana. In order to settle an on-going classification appeal with regard to social worker compensation, CFSD agreed to move all social workers and social worker supervisors to pay plan 20. Social workers received about \$1.30 more per hour and supervisors received about \$2.00 more per hour. This was accomplished in FY 2004 and it made the CFSD positions more competitive. CFSD does compete with hospitals, other public sector entities and other state agencies for staff.

7. Are agency staff members represented by collective bargaining units? How many of the agency staff are

impacted by collective bargaining unit agreements? What provisions are included in bargaining unit agreements? How often are these agreements negotiated?

Answer: CFSD staff belong to two collective bargaining units. Two hundred thirty-five employees (220.20 FTE) belong to the MPEA. This includes 168 social worker positions and 67 administrative support staff in the field offices. In addition, another 63.10 FTE are members of the MEA-MFT. This includes 23.25 licensing workers, 4.75 case aides and 35.10 central office staff.. Eighty two (82%) percent of all CFSD employees are members of collective bargaining units. The provisions typically include union and management rights, non-discrimination, labor management committees, pay and hours, insurance, overtime and compensatory time, sick leave, annual leave, workers' compensation, grievances and arbitration, employee rights, job postings, health and safety, use of private automobiles, retirement, payroll deductions, no strike/no lockout, term of the agreement, and pay schedules. Agreements are typically negotiated for a two year period.



Child and Family Services Review (CFSR) Longitudinal Case Review Results

	2002 CFSR Baseline (50 Cases)	2006 PIP Goals	Final PIP Results	Last Period Reported (During PIP)
PIP Item 1 Timeliness of Initiation of Investigations	63.0%	73.0%	82.0%	4th Period
PIP Item 2 Repeat Maltreatment	100.0%	85.0%	93.0%	4th Period
PIP Item 3 Service to Protect Children in Home and Prevent Removal (Reasonable Efforts)	92.0%	Passed 2002	96.0%	4th Period
PIP Item 4 Risk of Harm	83.0%	88.0%	98.0%	4th Period
PIP Item 5 Reentry into Foster Care	88.0%	85.0%	89.0%	4th Period
PIP Item 6 Stability of Foster Care Placement	83.0%	85.0%	90.0%	4th Period
PIP Item 7 Achievement of Permanency Goal	77.0%	79.0%	93.0%	4th Period
PIP Item 8 Timeliness of Reunification, Guardianship, or Permanent Placement	82.0%	85.0%	82.0%	4th Period
PIP Item 9 Timeliness of Adoption	31.0%	36.0%	78.0%	4th Period
PIP Item 10 Long-Term Foster Care/Independent Living	57.0%	62.0%	79.0%	4th Period

PIP Item 11 Proximity of Foster Care Placement	91.0%	Passed 2002	91.0%	2002 Review
PIP Item 12 Placement with Siblings	87.5%	Passed 2002	87.5%	2002 Review
PIP Item 13 Child Visitation with Parents & Siblings	36.0%	41.0%	57.0%	4th Period
PIP Item 14 Preserving Connections	86.0%	Passed 2002	86.0%	2002 Review
PIP Item 15 Relationship of Child in Care with Parents	46.0%	52.0%	84.0%	4th Period
PIP Item 16 Efforts to Locate Relative Placements	40.0%	43.0%	65.0%	4th Period
PIP Item 17 Needs & Services of Child, Parents, Foster Parents	60.0%	63.0%	83.0%	4th Period
PIP Item 18 Child & Family Involvement in Case Planning	44.0%	46.0%	66.0%	4th Period
PIP Item 19 Worker Visits with Child	24.0%	28.0%	58.0%	4th Period
PIP Item 20 Worker Visits with Parents	46.0%	50.0%	69.0%	3rd Period
PIP Item 21 Educational Needs of the Child	92.0%	Passed 2002	92.0%	2002 Review
PIP Item 22 Physical Health of the Child	15.0%	17.0%	61.0%	3rd Period
PIP Item 23 Mental Health of the Child	48.0%	52.0%	75.0%	3rd Period
PIP Item 24 Statewide Information System	Passed 2002 >= 90%		Passed 2002	2002 Review
PIP Item 25 Case Review System	44.0%	47.0%	57.0%	4th Period
PIP Item 26	Passed 2002 >= 90%	[Process Goal]	Passed 2002	2002 Review

Foster Care/Administrative Review

PIP Item 27	73.0%	77.5%	92.0%	3rd Period
Timeliness of Permanency Hearings				
PIP Item 28	Passed 2002 >= 90%		Passed 2002	2002 Review
Termination of Parental Rights				
PIP Item 29	Passed 2002 >= 90%		Passed 2002	2002 Review
CRSD Statutory Requirements in Place				
PIP Item 30		[Process Goal]	Passed 2005	
Quality Services to Protect Foster Children's Safety & Health				
PIP Item 30 a	50.0%	50.0%	53.0%	2nd Review
Face to Face Contact with Children In Foster Care				
PIP Item 30 b		[Process Goal]	Passed 2005	
Foster Home Capacity Standards				
PIP Item 31a		[Process Goal]	Passed 2005	
Guidelines for Documentation of Case Activities				
PIP Item 31b		[Process Goal]	Passed 2004	
Systematic Case Reviews for Quality Assurance				
PIP Item 32	Passed 2002 >= 90%		Passed 2002	2002 Review
Staff Development & Training Program				
PIP Item 33	Passed 2002 >= 90%		Passed 2002	2002 Review
On-Going Training for Staff				
PIP Item 34	Passed 2002 >= 90%		Passed 2002	2002 Review
Training for Foster & Adoptive parent and State License/Approved Facilities				
PIP Item 35	Passed 2002 >= 90%		Passed 2002	2002 Review
Assessment of Services Needed to Achieve Permanency for Children				

PIP Item 36	Passed 2002 ≥ 90%	Passed 2002	2002 Review
Accessible Services to Families & Children in all Political Jurisdictions			
PIP Item 37	Passed 2002 ≥ 90%	Passed 2002	2002 Review
Individualized Services to Meet Unique Needs of Children and Families			
PIP Item 38	Passed 2002 ≥ 90%	Passed 2002	2002 Review
Ongoing Consultation with Tribal Representatives, Service Providers, Foster Care Providers, Juvenile Court, and Other Public/Private Agencies			
PIP Item 39	Passed 2002 ≥ 90%	Passed 2002	2002 Review
Develops, in Consultation with Agencies Listed in Item 39, Annual Reports of Progress and Services Delivered Pursuant to the CFSP			
PIP Item 40	Passed 2002 ≥ 90%	Passed 2002	2002 Review
Coordinated Services under the CFSP 5 Year Plan			
PIP Item 41	Passed 2002 ≥ 90%	Passed 2002	2002 Review
Standards for Family Foster Homes & Child Care Institutions in Accordance with National Standards			
PIP Item 42	Passed 2002 ≥ 90%	Passed 2002	2002 Review
Standards for Family Foster Homes & Child Care Institutions Receiving IV-B or IV-E Funds			
PIP Item 43	Passed 2002 ≥ 90%	Passed 2002	2002 Review
Criminal Background Clearances to License or Approve Foster Care & Adoptive Placements			
PIP Item 44	Passed 2002 ≥ 90%	Passed 2002	2002 Review

**Recruitment of Diverse Foster &
Adoptive Families**

PIP Item 45

**Passed 2002
>= 90%**

**Passed
2002**

**2002
Review**

**Effective Use of Cross Jurisdictional
Resources to Facilitate Permanent
Placements**

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

Child and Family Services Division – Foster Care

DEPARTMENT DIVISION PROGRAM CONTACTS

The department, division, program director and chief financial officer for the department, division, program and their contact information are:

Title	Name	Phone Number	E-mail address
Division Administrator	Shirley K. Brown	444-5906	shbrown@mt.gov
Operations and Fiscal Bureau Chief	Dave Thorsen	444-5930	dthorsen@mt.gov
Program Bureau Chief	Bruce Deitle	444-5927	bdeitle@mt.gov
Centralized Intake Bureau Chief	Ryan Tofflemire	444-4164	rtofflemire@mt.gov
Regional Administrator, Region 2	Cory Costello	268-3781	ccostello@mt.gov

WHAT THE FOSTER CARE PROGRAM DOES

The Child and Family Services Division is mandated by both state and federal laws to provide protective services to children who are abused, neglected, or abandoned. This includes receiving and investigating reports of child abuse and neglect and helping families to stay together or reunite, and finding placements in foster or kinship homes. The foster care program is a part of a continuum of care that is provided by the Child and Family Services Division.

Statutory Authority Foster Care Program

Statutory authority for the division is provided in Titles 41, 42, and 52, MCA, and 45 CFR, Parts 1355, 1356, 1357 and 1370.

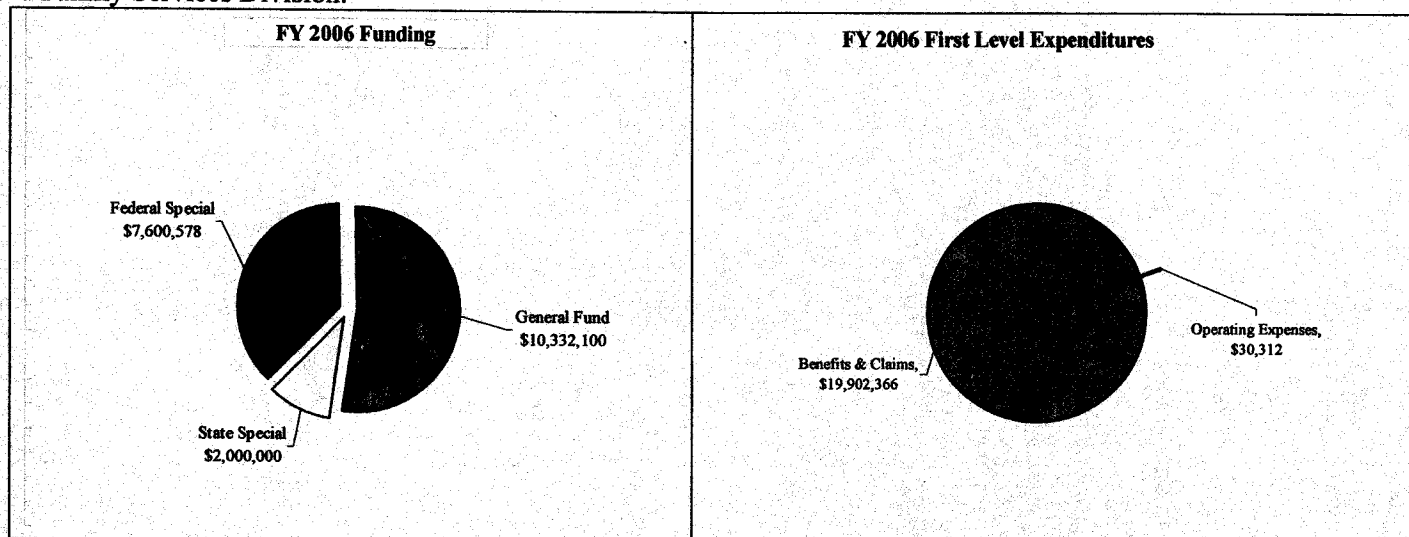
HOW SERVICES ARE PROVIDED

The Division is organized into three bureaus and five regional offices with the following functions:

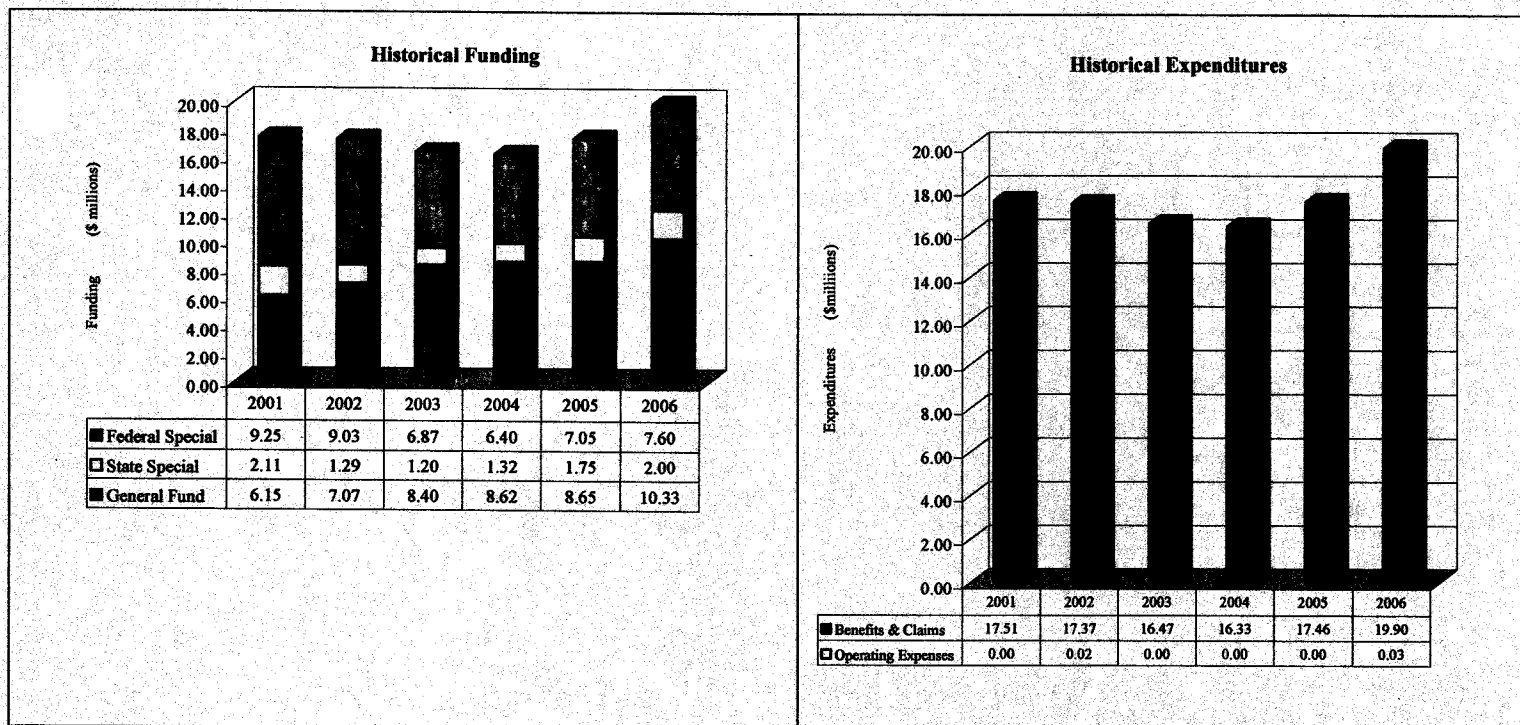
- The Operations and Fiscal Bureau is responsible for the management and coordination of financial activities, information systems liaison, legislative budget preparation, evaluation and benchmark analysis, and coordination of supplies, leases and equipment. This bureau is also responsible for securing and managing Social Security benefits for children in foster care. In addition, this bureau is responsible for initial and on-going Title IV-E eligibility determinations.
- The Program Bureau is responsible for employee training, administration of interstate compacts for foster care and adoption, licensing adoption agencies, administering grants for programs involving domestic violence, child abuse and neglect, access and visitation, Children's Trust Fund and the Children's Justice Act. The bureau is also responsible for coordinating state and federal relations including the development of federally required state plans, contract monitoring, and program compliance. The bureau drafts administrative rules and policy and provides technical assistance and support to field staff in the areas of in-home services, family support and preservation, child protective services, foster care, guardianship, adoption and permanency, independent living and Indian child welfare.
- The Centralized Intake Bureau is responsible for the operation of the statewide centralized intake system. This bureau receives all reports of suspected child abuse, neglect, or abandonment statewide from both mandatory and discretionary reporters seven days a week, 24 hours a day.
- The Five Regional Offices are located in Helena, Miles City, Billings, Great Falls and Missoula and investigate reports of child abuse and neglect, work to prevent domestic violence, help families to stay together or reunite, and find placements in foster or adoptive homes. The regional offices also provide all the licensing for foster and adoptive homes across Montana.

Spending and Funding Information

The following figures show funding and expenditure information for FY 2006 for the Foster Care Program of the Child and Family Services Division.



The following figures show funding and expenditures from FY 2001 through FY 2006, for HB 2 funding.



The change in revenues and expenditures between fiscal 2005 and 2006 resulted from a large caseload increase in the foster care program. The number of kids in care started at 1,963 in July of 2004 and peaked at 2171 in March of 2006, an increase of 10.6%.

2007 BIENNIUM NEW PROGRAM IMPLEMENTATION AND PROGRAM EXPANSION

Program Expansion

The Division implemented or expanded several areas within the foster care program in the 2007 biennium.

The Division expanded the following program with increased federal and general funds in the 2007 biennium:

- The division implemented a 4% rate increase for family foster care and foster care group homes on July 1, 2005.

The following programs were expanded with increased general funds in the 2007 biennium:

- Foster care clothing allowances were expanded on July 1, 2005. The legislature provided an additional \$30,000 of general fund for each year of the 2007 biennium to restore previous cuts made to clothing allowances for foster children.
- The 2005 legislature also provided additional general funds to support increases in the foster care caseload.

FTE

The legislature did not approve additional FTE for the 2007 biennium.

CORRECTIVE ACTION PLANS

The federal Administration for Children and Families (ACF) conducted its first Child and Family Services Review (FSR) during the summer of 2002. The outcomes of the CFSR pointed to some generalized and specific areas that required improvement. The division was required to develop and implement a Program Improvement Plan (PIP), as did every other state in the nation. The goals of the PIP, which was approved in January, 2004, were to meet the CFSR's recommendations which were defined by four themes. One of the themes related to the foster care program.

A process to assess safety at initial assessment, foster care placement, reunification and case closure.

- The investigative Safety Assessment Protocol was developed, finalized, approved and implemented by March 2004.
- The Safety Assessment Protocol for the 'life of the case' was developed, finalized, approved and implemented by September of 2004.
- Implementation and institutionalization of these protocols has resulted in a reduction of risk to the child[ren] in out-of-home and in-home cases. This has been reflected through both administrative reports and case review results.
- All requirements of the PIP were met in January, 2006.

The Legislative Audit Division conducted a Foster Care Performance Audit and the final report was issued in December of 2004.

Recommendations were as follows:

- Making program information more available to persons interested in becoming foster parents.
- Implementing a coordinated statewide recruitment effort.
- Increasing availability of training for prospective foster parents.
- Improving the foster parent training evaluation process.
- Developing a structured process for modifying the foster parent training curriculum.
- Implementing a comprehensive plan for improving foster parent retention.

The division has budgeted money specifically to address foster parent recruitment and retention and is now providing incentives for the recruitment of resource families.

The federal Administration for Children and Families (ACF) conducted a secondary Federal Review of the Title IV-E Foster Care Program in July, 2006. The division was found to be in "substantial compliance" with federal laws, rules and regulations and thus no corrective action plan was needed. ACF audited 150 cases wherein a Title IV-E payment had been made and only one case was questioned. This secondary review was conducted because of the findings of the primary review that was completed in June, 2003. At that time, the state was determined not to be in substantial compliance with the Title IV-E eligibility requirements for the period under review. The division had 29 error cases out of 80 that were audited. As required, Montana submitted a corrective action plan (CAP) to correct the areas found deficient in its eligibility program for foster care. ACF approved the CAP based on the state's reports of progress and final implementation of the planned improvements. These improvements included the establishment of a special unit dedicated to determining Title IV-E eligibility and implementation of an internal quality assurance process, extensive work with the court system, and work with the Tribes.

The following are the strengths and areas in need of improvement that came out of the July, 2006 Federal IV-E Eligibility Review:

Strengths

- The review process was very well organized.
- Review staff were knowledgeable regarding requirements.
- Extensive staff and judicial training has been completed.
- The state's Regional Administrators have worked with their judicial components.
- The division has implemented a separate IV-E eligibility determination unit and quality assurance system.
- The division's IV-E eligibility unit has established separate eligibility files.
- The state is committed to continue agreements with Tribes for funding IV-E eligible Tribal cases.

Areas in Need of Improvement

- Licensing — File documentation and checklists/flagging could improve licensing and monitoring procedures (improvements in data system are planned.)
- Improvements in the data system will improve timely and accurate IV-E claiming.
- Other issues — there appears to continue to be an over-use of long-term foster care; there appears to be a need for Interstate Compact Placement of Children (ICPC) training.

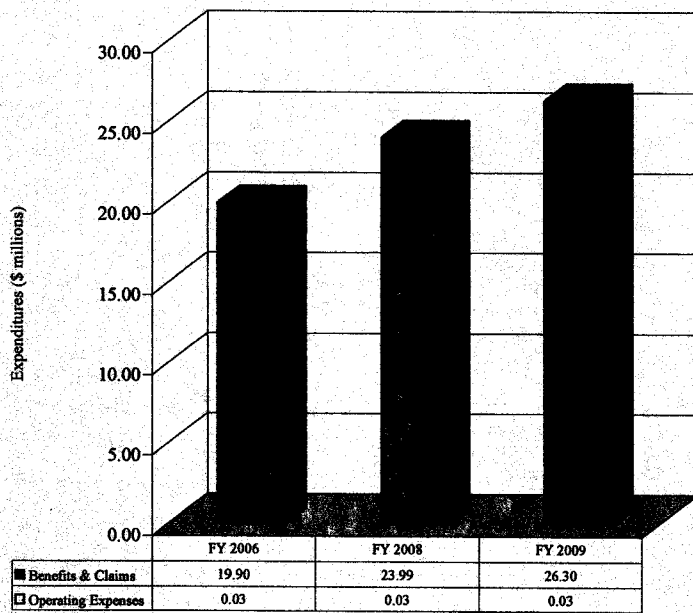
The Legislative Audit Division conducted a Financial and Compliance Audit in July of 2005. The following recommendations and actions ensued:

- Recommend the department continue to improve procedures to ensure permanency hearings occur as required by federal regulations.
 - CFSD concurred and has agreed to provide ongoing training on the importance of annual permanency hearings.
- Recommend the department establish procedures to review foster care case files as required by federal regulations.
 - CFSD has put procedures in place to ensure that foster care case files are reviewed as required.
- Recommend that the department establish controls to ensure the federal share of foster care benefits is recorded at the correct rate on the foster care subsystem and on the state's accounting system.
 - CFSD had put in place new procedures to ensure review of the federal share rate worksheet.
- Recommend that the department comply with state administrative rule requiring eligibility review for foster care cases every six months.
 - CFSD has put procedures in place to ensure that the department complies with the state administrative rules until such time that the rules can be amended to be no less restrictive than the federal rules.

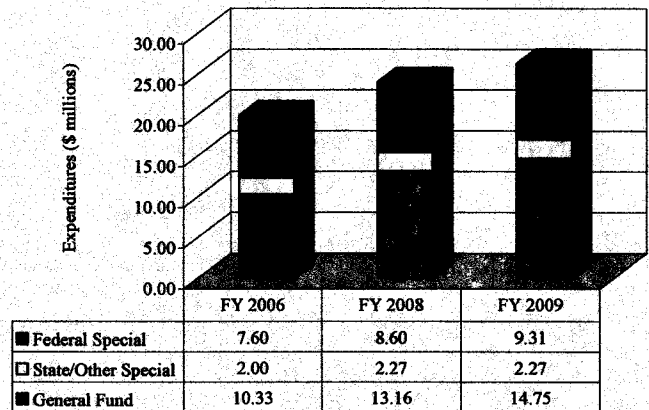
2009 BIENNIUM BUDGET

The following figures show the proposed HB 2 for the Foster Care program budget for the 2009 biennium.

Department of Public Health and Human Services
2009 Biennium HB2 Budget



Department of Public Health and Human Services
2009 Biennium HB2 Budget



Goals and Measurable Objectives

The following figure shows the division's base year and budgeted biennium goals and performance measures that are associated with the proposed 2009 biennium HB 2 Foster Care budget.

Department of Public Health and Human Services
Child and Family Services Division

Measurable Objectives for the 2009 Biennium

Goal	Measurable Objectives	Current status of Measures
Reunite children safely with their parents after time-limited reunification efforts and reduce re-entry into foster care.	The number of children re-entering foster care after receiving time-limited reunifications services will decrease.	The number of children who re-enter foster after receiving time-limited reunification services will be reduced from the baseline of 10.6% to 9% by 2008 and 8% by 2009.
Stabilize foster care caseload growth. (DP 30010 Page B-55 of LFD book)	Legislative approval of 20 new FTEs.	If approved, CFSD will be able to reduce the average number of cases carried by a social worker from 21 to 16. In addition, CFSD believes the additional staff will 1) help achieve better outcomes for children and 2) help stabilize and minimize caseload growth by being able to spend more time with each case.
Improve child visitation with parents and siblings.	Case records will document the frequency and quality of child visitation with parents and siblings.	A five percent improvement over the baseline of 56.5% in child visitation with parents and siblings for 2008 and another 5% increase for 2009.

Develop and implement strategies to recruit foster resource families	Increase the awareness of the need for resource parents through recruitment campaigns.	Families will inquire about becoming a resource family for the child. The division will increase foster care resource families by 2% over each year of the biennium. The FY 2006 baseline is 757 foster families.
Improve child and family involvement in case planning.	Increase the number of family group decision making meetings.	Increase family and child involvement 5% over the final program improvement results of 66% for each year of the biennium.
Improve face-to-face visitation between the social worker and the child.	Case records will document the frequency and quality of child visitation with the social worker.	Increase child visitation by the social worker 5% over the program improvement results of 58% for each year of the biennium.

BUDGET AND POLICY ISSUES

The following budget or policy issues are included in the division's budget submission to the Governor's Office for the Foster Care program.

- Increase of general funds and federal funds for the foster care caseload increases. (DP 30001 LFD book, page B-53)
- Increase of general funds and federal funds for a provider rate increase of 2.5%. (DP 30501 LFD book, page B-57)
- Increase of general funds in anticipation of federal reimbursement changes for therapeutic family foster care and therapeutic group home care. (DP 30903 LFD book, page B-57)
- Increase of general funds as a result of a decreasing federal medical assistance percentage (FMAP). Title IV-E funds utilizes the FMAP for foster care and subsidized adoption payments. (DP 30004 LFD book, page B-52)

SIGNIFICANT ISSUES EXPANDED

Increases in General Funds

The Child and Family Services Division is projecting a 5% increase in the foster care program from FY 2006 to FY 2007 and a 10% increase in FY 2008 and FY 2009, respectively. The foster care caseload increased 21% from November 2002 to October 2005. Sixty-six percent of all child welfare cases are alcohol and drug-related. Methamphetamine use has been involved in more than 1/3 of the children in care cases and approximately 40-50% of all new cases referred involve methamphetamine. Substance abuse is one of the primary factors affecting the increased amount of work in managing child abuse and neglect cases. These cases are more complicated and increase the difficulty of reunification thus increasing the amount of time a child may reside in out-of-home placement as well as requiring a more intense level of service. (DP 30001 LFD book, page B-53)

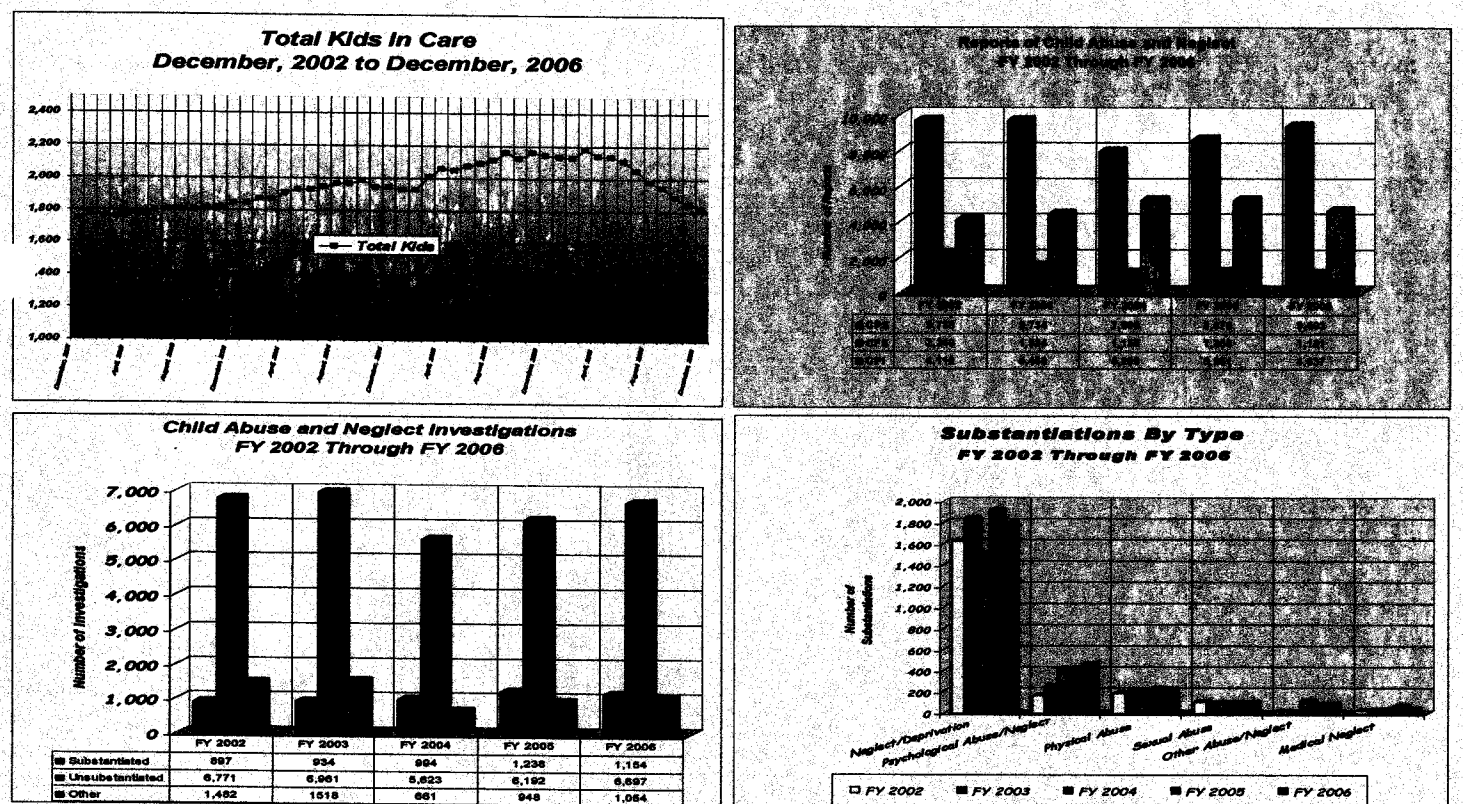
The Child and Family Services Division is requesting a 2.5% rate increase for all foster care providers to be effective 7/1/2007. Most foster care providers received a 4.0% increase on July 1, 2005. (DP 30501 LFD book, page B-57)

The Centers for Medicare and Medicaid Services (CMS) have changed their philosophy regarding reimbursement rates for therapeutic group homes (TGH) and therapeutic family foster care (TFFC). At least six other states, including Colorado and North Dakota have had their therapeutic programs audited by CMS and CMS has recommended changes in their billing practices. Historically, CMS has allowed (and even encouraged) states to take full advantage of Medicaid waivers and special programs such as the Medicaid "Rehab Option". Most states did so, including Montana. CMS is now revisiting their policies and the corresponding approved state plans. Montana currently reimburses TGH and TFFC services with both Medicaid payments and payments from the Child and Family Services Division (CFSD). Medicaid pays for the "treatment" component while CFSD pays for the room and board. Historically, the Medicaid treatment component has been billed on a "per day" basis and the Medicaid payment is intended to cover the cost of the professional mental health services being provided in these settings. CMS is apparently now requiring some states to change to a "fee for service" billing method. In other words, TGHs and TFFCs would have to start billing for each mental health service provided to each child, i.e. one hour of individual therapy or one hour of group therapy. CMS has put Montana "on

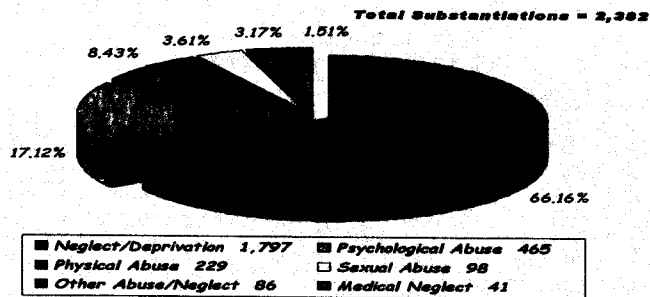
notice” of the need to change the reimbursement design for the “treatment” component. If required to switch to the fee for service method it is highly unlikely that providers would be able to generate the same amount of Medicaid revenue and could therefore request additional reimbursement from CFSD to help cover the costs of the programs. The exact amount of this potential impact has not yet been determined. (DP 30903 LFD book, page B-57)

The federal medical assistance percentage (FMAP) is projected to decrease over the 2009 biennium. All Title IV-E payments for foster care and adoption assistance use the FMAP in accordance with federal law. The FMAP is calculated using a three year rolling average of a state’s per capita income in relation to the national per capita income. Montana’s FMAP rate will decrease when Montana’s per capita income increases faster than the national per capita income. (DP 30004 LFD book, page B-52)

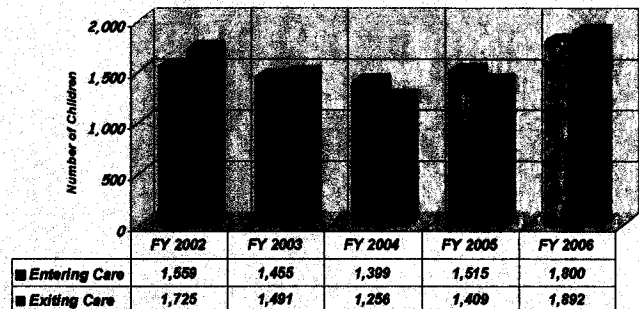
HB 91: Congress enacted legislation in 2006 which amended Title IV-E of the Social Security Act. This new legislation contains statutory provisions with which states must comply. The division determined that statutory changes are needed to comply with some of the new requirements. Therefore, HB 91, sponsored by Representative Clark, was introduced at the request of the division to bring Montana's statutes into compliance with the new federal requirements.



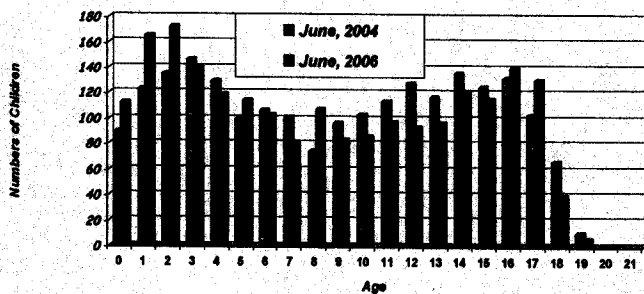
Substantiations by Type FY 2006



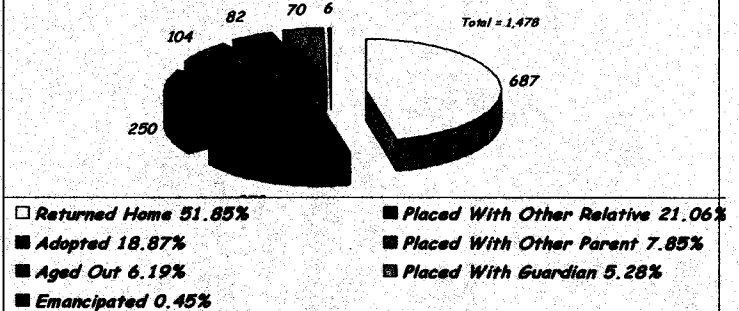
Children Entering & Exiting Care FY 2002 Through FY 2006



Ages of Children - Foster Care June, 2004 vs. June, 2006



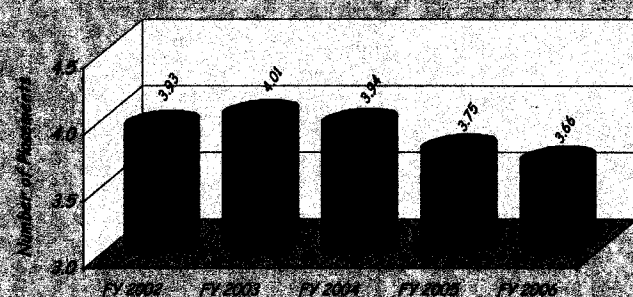
Children Exiting the System FY 2006



Average Number of Days in Care FY 2002 Through FY 2006



Average Number of Placements FY 2002 Through FY 2006



DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

Child and Family Services Division – Subsidized Adoption

DEPARTMENT DIVISION PROGRAM CONTACTS

The department, division, program director and chief financial officer for the department, division, program and their contact information are:

Title	Name	Phone Number	E-mail address
Division Administrator	Shirley K. Brown	444-5906	shbrown@mt.gov
Operations and Fiscal Bureau Chief	Dave Thorsen	444-5930	dthorsen@mt.gov
Program Bureau Chief	Bruce Deitle	444-5927	bdeitle@mt.gov
Centralized Intake Bureau Chief	Ryan Tofflemire	444-4164	rtofflemire@mt.gov
Regional Administrator, Region 2	Cory Costello	268-3781	ccostello@mt.gov

WHAT THE SUBSIDIZED ADOPTION PROGRAM DOES

Children who are available for adoption through the Child and Family Services Division of the Montana Department of Public Health and Human Services have been removed from their own families because of abuse, neglect or abandonment and cannot safely remain at home. The rights of their parents have been terminated making the children available for adoption. Subsidies may be negotiated to help maintain the permanency of the adoption. The amount of the subsidy is based on the needs of the child and may not exceed the cost of foster care. The subsidized adoption program is a part of a continuum of care that is provided by the Child and Family Services Division.

Statutory Authority the Child and Family Services Division

Statutory authority for the division is provided in Titles 41, 42, and 52, MCA, and 45 CFR, Parts 1355, 1356, 1357 and 1370.

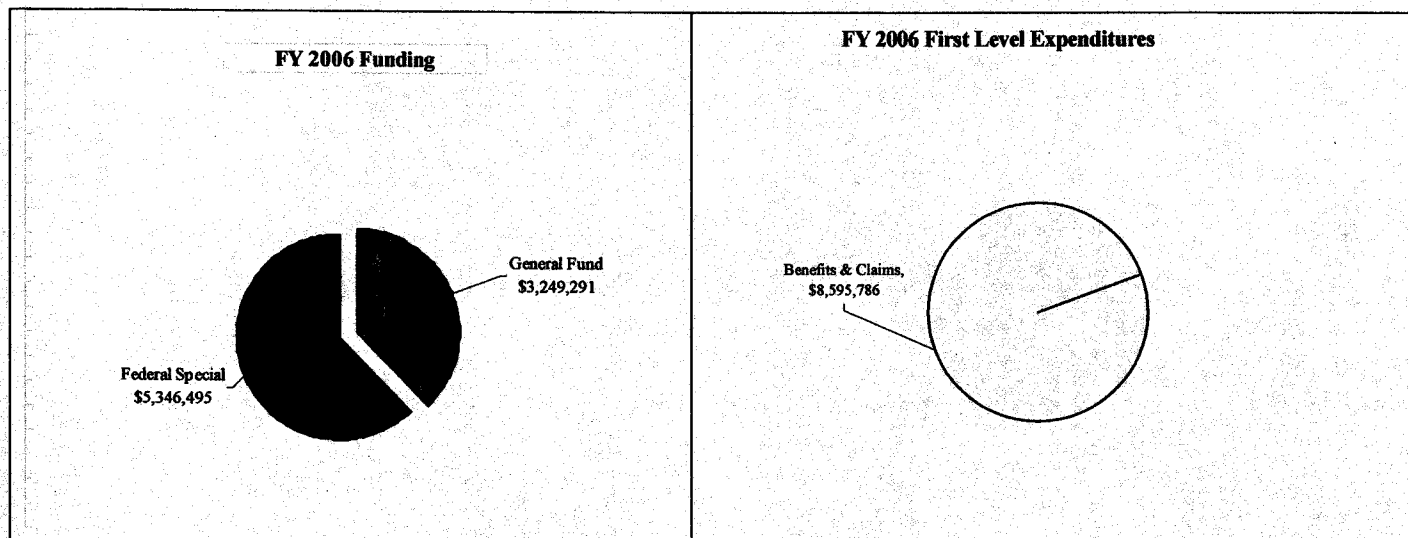
HOW SERVICES ARE PROVIDED

The Division is organized into three bureaus and five regional offices with the following functions:

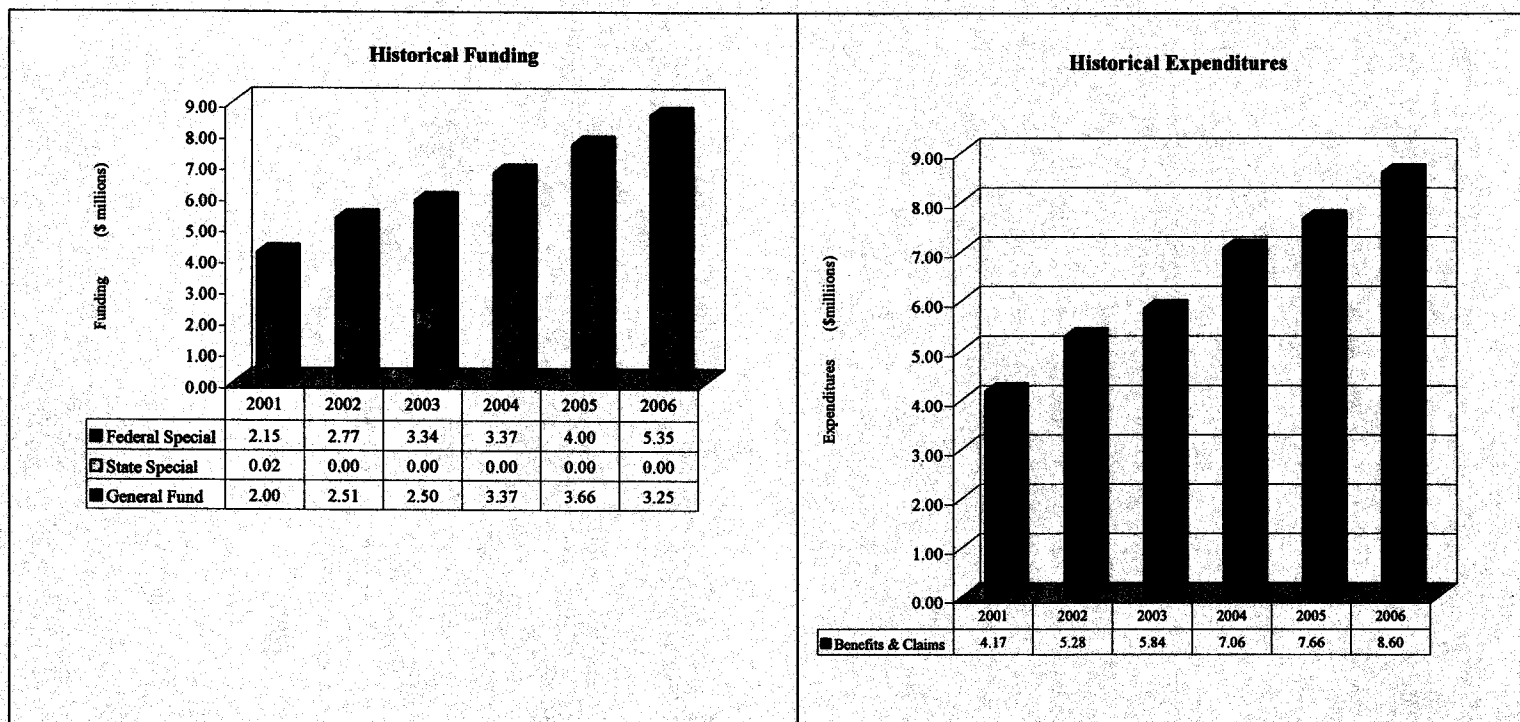
- The Operations and Fiscal Bureau is responsible for the management and coordination of financial activities, information systems liaison, legislative budget preparation, evaluation and benchmark analysis, and coordination of supplies, leases and equipment. This bureau is also responsible for securing and managing Social Security benefits for children in foster care. In addition, this bureau is responsible for initial and on-going Title IV-E eligibility determinations.
- The Program Bureau is responsible for employee training, administration of interstate compacts for foster care and adoption, licensing adoption agencies, administering grants for programs involving domestic violence, child abuse and neglect, access and visitation, Children's Trust Fund and the Children's Justice Act. The bureau is also responsible for coordinating state and federal relations including the development of federally required state plans, contract monitoring, and program compliance. The bureau drafts administrative rules and policy and provides technical assistance and support to field staff in the areas of in-home services, family support and preservation, child protective services, foster care, guardianship, adoption and permanency, independent living and Indian child welfare.
- The Centralized Intake Bureau is responsible for the operation of the statewide centralized intake system. This bureau receives all reports of suspected child abuse, neglect, or abandonment statewide from both mandatory and discretionary reporters seven days a week, 24 hours a day.
- The Five Regional Offices are located in Helena, Miles City, Billings, Great Falls and Missoula and investigate reports of child abuse and neglect, work to prevent domestic violence, help families to stay together or reunite, and find placements in foster or adoptive homes. The regional offices also provide all the licensing for foster and adoptive homes across Montana.

Spending and Funding Information

The following figures show funding and expenditure information for FY 2006 for all sources of funding of the Subsidized Adoption Program within the Child and Family Services Division.



The following figures show funding and expenditures from FY 2001 through FY 2006, for the Subsidized Adoption Program HB 2 funding.



The change in the general fund and federal fund split between fiscal 2005 and 2006 resulted from a review of all general fund subsidies. Many of these subsidies were incorrectly determined to not be eligible for Title IV-E and were returned.

2007 BIENNIUM NEW PROGRAM IMPLEMENTATION AND PROGRAM EXPANSION

Program Expansion

The Subsidized Adoption program continues to grow on an annual basis. The 2005 legislature provided additional general funds and federal funds to support the increases in the Subsidized Adoption caseload. The caseload and costs will continue to grow as the number of new adoption subsidies increases faster than the number of old subsidies that are expiring. The average cost per subsidy will also continue to grow as new subsidies are negotiated at rates that are higher than the old agreements that are expiring.

FTE

The legislature did not approve appropriations for additional FTE in the 2007 Biennium.

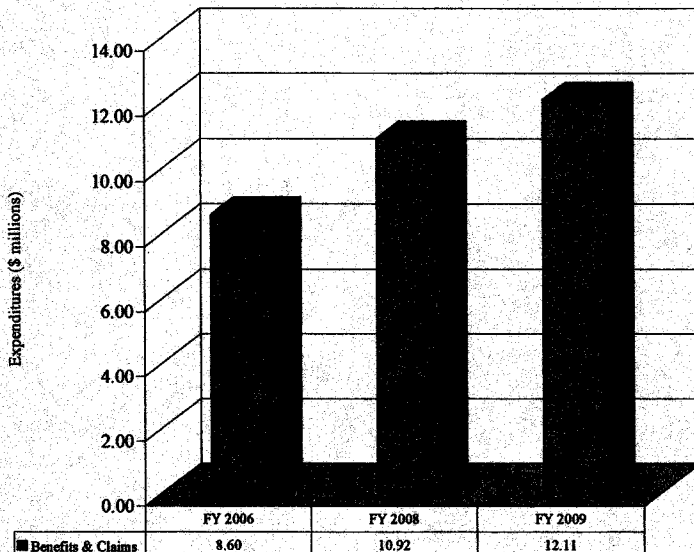
CORRECTIVE ACTION PLANS

The Subsidized Adoption Program did not have any legislative or federal audit recommendations and associated corrective action plans in place during the 2005 biennium.

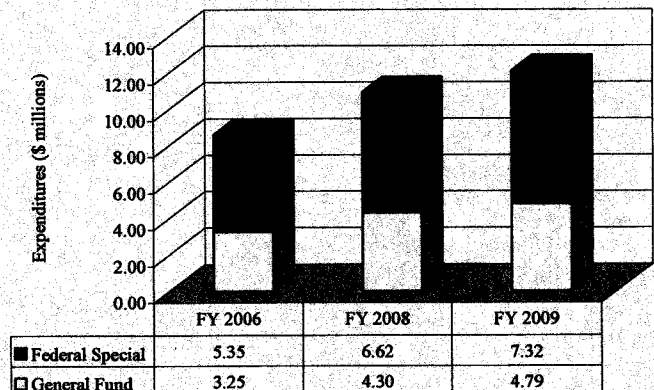
2009 BIENNIUM BUDGET

The following figures show the proposed Subsidized Adoption HB 2 budget for the 2009 biennium.

Department of Public Health and Human Services
2009 Biennium HB2 Budget



Department of Public Health and Human Services
2009 Biennium HB2 Budget



Goals and Measurable Objectives

The following figure shows the division's base year and budgeted biennium goals and performance measures that are associated with the proposed 2009 biennium Subsidized Adoption HB 2 budget.

Department of Public Health and Human Services Child and Family Services Division/Subsidized Adoption Program		
Measurable Objectives for the 2009 Biennium		
Goal	Measurable Objectives	Current status of Measures
Provide diligent efforts to achieve adoption in a timely manner.	Diligent efforts will be found in case records during quality assurance case reviews. Barriers to timeliness will be identified.	Documentation of diligent efforts to achieve timeliness of adoption will improve 5 percent over the baseline of 71% by 2009.
Develop and implement strategies to recruit resource families.	Increase the awareness of the need for resource parents through recruitment campaigns.	Families will inquire about becoming a resource family for the child. CFSD will increase adoption resource families by 2% over each year of the biennium. There are currently about 1,100 adoptive families receiving a subsidy.
Provide services to families after adoption to maintain the status of the adoption.	Reduce likelihood of an adopted child returning to the foster-care system by providing more than a financial subsidy to families who are struggling to keep their family intact.	The formal service delivery system for post-adoptive families established for the division will be assessed to determine whether the system reduces the potential of the child returning to the foster care system. The division will provide services to at least 10 families each fiscal year to keep the families intact.

BUDGET AND POLICY ISSUES

The following budget or policy issues are included in the division subsidized adoption budget submission to the Governor's Office.

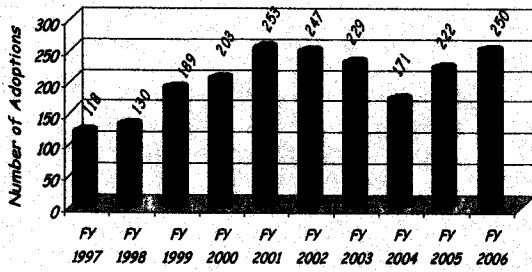
- Increase of general funds and federal funds for the subsidized adoption caseload increases. (DP 30002 LFD book, page B-51)
- Increase of general funds and decrease of federal funds for the federal medical assistance percentage (DP 30004 FMAP). (LFD book, page B-52)

SIGNIFICANT ISSUES EXPANDED

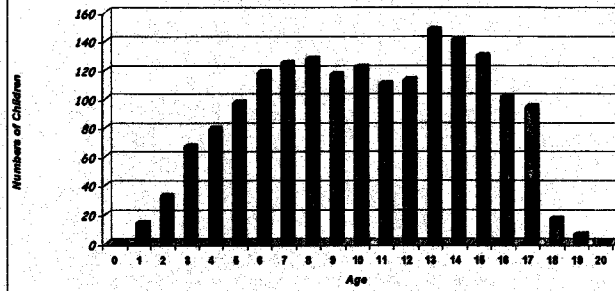
The Child and Family Services Division Subsidized Adoption caseload and average daily rates paid to adoptive parents are expected to increase over the next biennium. The subsidized adoption caseload will increase every year because the number of new adoptions exceeds the number of children aging out of the program. Subsidized adoption caseload and average rate per day is expected to increase by 11.67% in FY 2008 and 10.82% in FY 2009. This increase is also attributed to adoption subsidies being negotiated at a higher rate for new adoptions than the rate for those aging out. The projected costs for caseload increases for the subsidized adoption program are determined from a linear regression model. (DP 30002 LFD book, page B-51)

The federal medical assistance percentage (FMAP) is projected to decrease over the 2009 biennium. All Title IV-E payments for foster care and adoption assistance use the FMAP in accordance with federal law. The FMAP is calculated using a three year rolling average of a state's per capita income in relation to the national per capita income. Montana's FMAP rate will decrease when Montana's per capita income increases faster than the national per capita income. (LFD book, page B-52)

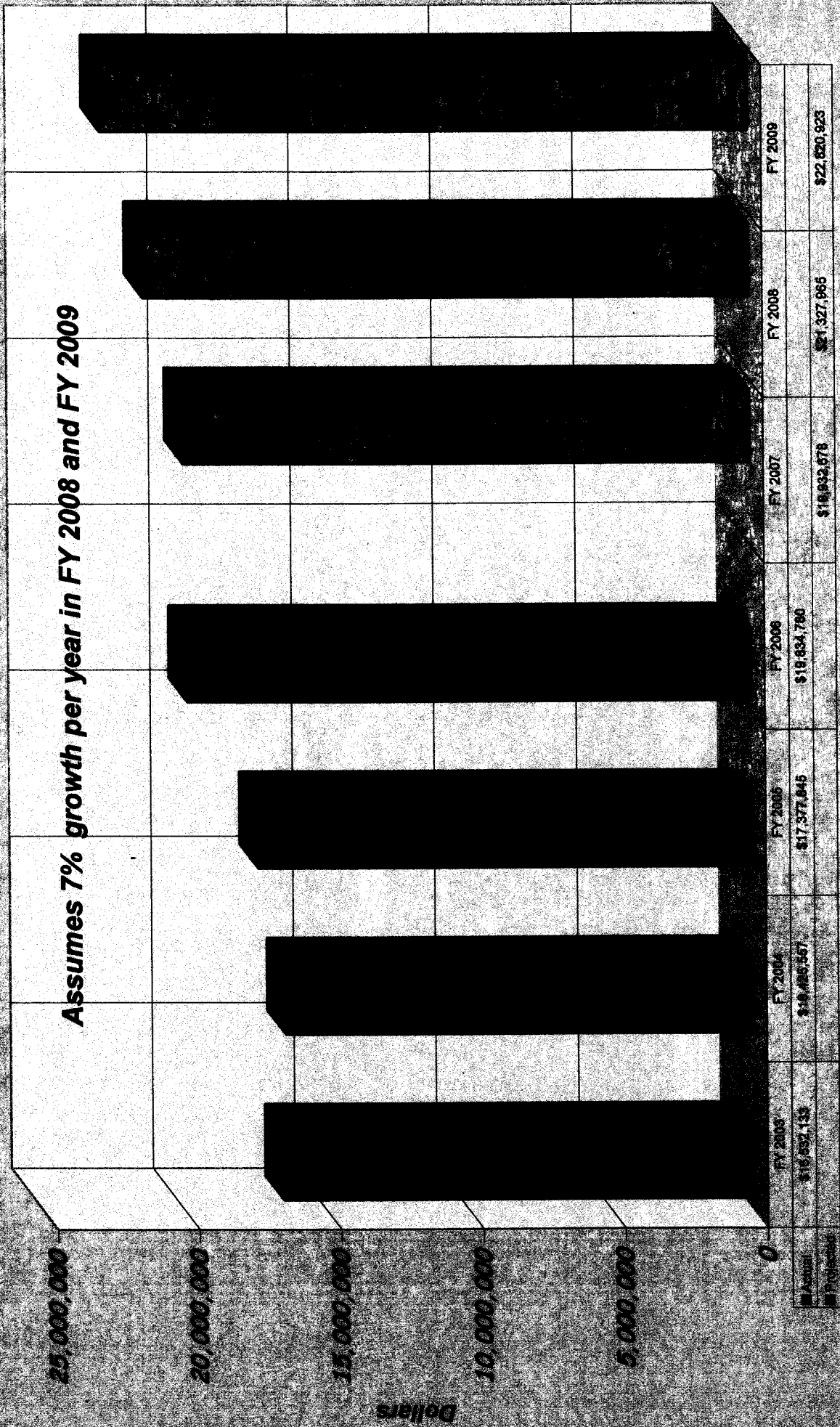
Completed Adoptions
FY 1997 Through FY 2005



Ages of Children - Subsidized Adoption
June, 2006



Child and Family Services Division
Foster Care - Actual and Projected Expenditures - Best Estimate
FY 2003 Through FY 2009



**Child and Family Services Division
Foster Care Funding
FY 2008 and FY 2009**

01/25/07

Governor's Budget				
FY 2008				
	Base Budget	DP 30001	Total	
General Fund	\$ 10,332,100	\$ 2,070,009	\$ 12,402,109	
State Special Funds	\$ 2,000,000		\$ 2,000,000	
Federal Funds	\$ 7,600,578	\$ 1,019,556	\$ 8,620,134	
Total	\$ 19,932,678	\$ 3,089,565	\$ 23,022,243	
FY 2009				
	Base Budget	DP 30001	Total	
General Fund	\$ 10,331,500	\$ 3,612,499	\$ 13,943,999	
State Special Funds	\$ 2,000,000		\$ 2,000,000	
Federal Funds	\$ 7,600,578	\$ 1,779,290	\$ 9,379,868	
Total	\$ 19,932,078	\$ 5,391,789	\$ 25,323,867	
FY 2010				
	Base Budget	DP 30001	Total	
General Fund	\$ 20,663,600	\$ 5,662,508	\$ 26,346,108	
State Special Funds	\$ 4,000,000	\$ -	\$ 4,000,000	
Federal Funds	\$ 15,201,156	\$ 2,798,846	\$ 18,000,002	
Total	\$ 39,864,756	\$ 8,461,354	\$ 48,346,110	

Revised Projections				
FY 2008				
0.67	Base Budget	DP 30001	Total	
General Fund	\$ 10,332,100	\$ 934,843	\$ 11,266,943	
State Special Funds	\$ 2,000,000		\$ 2,000,000	
Federal Funds	\$ 7,600,578	\$ 460,445	\$ 8,061,023	
Total	\$ 19,932,678	\$ 1,395,287	\$ 21,327,965	
FY 2009				
	Base Budget	DP 30001	Total	
General Fund	\$ 10,331,500	\$ 1,935,526	\$ 12,267,026	
State Special Funds	\$ 2,000,000		\$ 2,000,000	
Federal Funds	\$ 7,600,578	\$ 953,319	\$ 8,553,897	
Total	\$ 19,932,078	\$ 2,888,845	\$ 22,820,923	
Blairville Totals				
	Base Budget	DP 30001	Total	
General Fund	\$ 20,663,600	\$ 2,870,369	\$ 23,533,969	
State Special Funds	\$ 4,000,000	\$ -	\$ 4,000,000	
Federal Funds	\$ 15,201,156	\$ 1,413,764	\$ 16,614,920	
Total	\$ 39,864,756	\$ 4,284,133	\$ 44,148,889	

Differences				
FY 2008				
	Base Budget	DP 30001	Total	
General Fund	\$ -	\$ (1,135,166)	\$ (1,135,166)	
State Special Funds	\$ -	\$ -	\$ -	
Federal Funds	\$ -	\$ (559,111)	\$ (559,111)	
Total	\$ -	\$ (1,694,278)	\$ (1,694,278)	
FY 2009				
	Base Budget	DP 30001	Total	
General Fund	\$ -	\$ (1,676,973)	\$ (1,676,973)	
State Special Funds	\$ -	\$ -	\$ -	
Federal Funds	\$ -	\$ (825,971)	\$ (825,971)	
Total	\$ -	\$ (2,502,944)	\$ (2,502,944)	
Budgetary Totals				
	Base Budget	DP 30001	Total	
General Fund	\$ -	\$ (2,812,139)	\$ (2,812,139)	
State Special Funds	\$ -	\$ -	\$ -	
Federal Funds	\$ -	\$ (1,385,082)	\$ (1,385,082)	
Total	\$ -	\$ (4,197,221)	\$ (4,197,221)	